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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000234

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SUBJECT: SHANGHAI-BASED "NGO" DEMOCRACY BUILDING EFFORTS

REF: A)SHANGHAI 18; B) SHANGHAI 19; C) SHANGHAI 159

CLASSIFIED BY: Christopher Beede, Political/Economic Section
Chief, U.S. Consulate , Shanghai .
REASON: 1.4 (b), (d)

¶1. (C) Summary. In the past five years, Shanghai-based Harmonious Committee Institute (HCI), a non-profit organization, has been working to promote democracy through strengthening homeowners associations and educating homeowners of their property rights. According to HCI General Manager Liu Shenming, once people understand that they have property rights, they will understand that they are also entitled to civil rights. HCI provides training and advice to property owners associations, prints and distributes brochures outlining people's property rights, and assists property owners in taking legal actions. A Communist Party member, Liu has a long history of activism and ran as an independent candidate in local elections for Shanghai's Municipal People's Congress in 2006. ConGen will work to connect Liu with international NGOs to provide HCI with access to international expertise and funding. End Summary.

Training Homeowners

¶2. (C) On June 20, Poloff and FSN Rule of Law Coordinator (ROLC) met with Harmonious Committee Institute (HCI) General Manager Liu Shenming and Legal Counsel Xing Huoqing to discuss HCI's democracy building efforts. According to Liu, HCI was created in 2003 and is the first organization in China to register as a non-profit organization. HCI does not plan to register as an NGO because the registration process is too difficult. However, Liu and Xing consider the organization to a grassroots NGO.

¶3. (C) HCI's main goal is to strengthen homeowners associations and to increase awareness of property rights. It has four main activities to support this goal. First, it maintains a hotline that allows property owners to get advice on issues. Second, it provides training to homeowners associations. This training takes place every month and is open to the public. During these sessions, academic experts and/or NGO experts provide information to homeowner associations on property rights law and how to organize. Liu said that HCI also organizes weekly training sessions for homeowners which are more specialized. When asked whether Poloff and ROLC could attend a training session as observers, Liu welcomed the visit and noted that the sessions attract many observers, including members of the district housing bureau and undercover security services

officers. Third, HCI prints and distributes brochures and flyers that provide information on property rights. In 2005, it printed 10,000 copies of a brochure entitled "100 Questions About Property Rights" and distributed it throughout Shanghai's Baoshan District.

¶4. (C) Finally, HCI assists homeowners in taking legal actions to protect their property rights. According to Liu, 95 percent of petitions and law suits by homeowners fail. He believes the majority of these petitions and lawsuits fail because homeowners do not know how to file documents correctly and/or do not know how to deal with China's legal system.

From Homeowners Associations to People's Congress

¶5. (C) According to Liu, strengthening homeowners associations can expand democracy in China. Liu noted that there are three organizations that hold elections on the local level: homeowners associations, neighborhood committees and local People's Congresses. Like condo associations or other homeowners associations in the United States, homeowners associations in China are in charge of managing a community's property. Liu argues that homeowner associations are one of the few venues which are truly democratic. Homeowners association members are chosen via elections and must meet the needs of their constituents. Liu believes that by strengthening these organizations and helping members to become more effective in representing people in their community, these homeowner associations will become more democratic and have a positive influence on neighborhood committees.

¶6. (C) Neighborhood committees are more political and tightly controlled by the government. These committees work closely

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with homeowners association and, at the same time, report to the local People's Congresses. Liu hopes to work with neighborhood committees in the future in helping them also become more democratic. Once homeowners association and neighborhood committees become more representative and democratic then it would be difficult for local People's Congresses not to change. Liu admits that his ultimate goal is to put pressure on the local People's Congresses to change and become more democratic.

¶7. (C) Liu believes that the most effective way of promoting democracy in China is through systematic change. He noted that he received many calls from property owners dissatisfied with the Shanghai government's plans to extend the Maglev train (see refs. A and B). He is pleased that protests from property owners against the Maglev have forced the government to temporarily halt its plans. He says, however, that this is just a single success that does not have long-term impact. Real changes only occur when organizations such as NGOs are established to implement changes.

Campaigning in Communist China

¶8. (C) According to Liu, he has been involved in promoting democracy for decades. He participated in anti-government protests in Chengdu during the Tiananmen Square incident and has relations with many activists. Surprisingly, Liu is also a member of the Communist Party. When asked about intra-party democracy within the Communist Party, Liu said it is unlikely that the party will ever adopt intra-party democracy. He compared the party to a military unit and said that low-level party members take orders from the top. Unless there is another party in China that is able to put pressure on the Communist Party, it will never change.

¶9. (C) For this reason, Liu is a fierce advocate of elections and has pushed for more people to participate in elections as independent candidates. He participated in the 2006 Shanghai Municipal People's Congress elections as an independent candidate and plans on joining future elections. Liu said that

the experience was very interesting. Officials could not stop him from participating, but made it difficult for him to campaign. Liu was only allowed to campaign for 10 days before the election. During that time he was able to get the name of every registered voter in his district and sent a flyer to each person. He also tried to hand out his flyers at local neighborhoods but was harassed by local officials. He was also constantly detained and questioned by the police. When pressed, the police admitted to Liu that he had the right to participate in the elections and eventually had to release him. Liu did not win, nor did he receive any information on the vote count. Liu remains undeterred, nevertheless, and plans on participating in the next round of elections in 2011. He is optimistic that there will be more progress in the future and noted that there is discussion in Shenzhen about organizing elections to allow people to select a Vice Mayor.

Shenzhen's Atmosphere

¶10. (C) Liu is considering opening a branch of HCI in Shenzhen. He said that Shenzhen has some of the worst housing rights problems in the country. However, Shenzhen also has a very active NGO community and there appears to be more support for reform. Liu attributes this more open atmosphere, in part, to Hong Kong's influence on Shenzhen.

Looking For Funds

¶11. (C) Shanghai is very different from Shenzhen, according to Liu. Shanghai is politically more conservative and there is a very small NGO community. According to Liu, HCI is the only non-profit organization that works on housing rights issues. In the past five years, HCI has had to scale down its activities because of the lack of funds. It used to employ 10 people but now only has enough money to support three staffers. Poloff and ROLC agreed to assist Liu in connecting with international NGOs and foundations interested in property rights issues in China. Liu hopes that these NGOs can help him in obtaining more funding and expertise.

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